

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

District Court Funds of District No. 20 Dearborn Heights, Michigan

**Financial Report
with Supplemental Information
June 30, 2007**

District Court Funds of District No. 20 Dearborn Heights, Michigan

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Independent Auditor's Report

To Honorable District Judges
Mark J. Plawecki and
David D. Turfe
District Court No. 20
Dearborn Heights, Michigan

We have audited the balance sheet of District Court Funds of District No. 20, Dearborn Heights, Michigan as of June 30, 2007. This financial statement is the responsibility of District Court Funds of District No. 20, Dearborn Heights, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of District Court Funds of District No. 20, Dearborn Heights, Michigan as of June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the balance sheet. The accompanying supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the balance sheet. The supplemental information has been subject to the auditing procedures applied in the audit of the balance sheet and, in our opinion, is fairly stated in all material respects in relation to the balance sheet taken as a whole.

The accompanying balance sheet does not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the balance sheet.

Plante & Moran, PLLC

October 22, 2007

District Court Funds of District No. 20

Dearborn Heights, Michigan

Balance Sheet

June 30, 2007

	Depository Accounts	Bond Account
Assets - Cash in bank (Note 2)	<u>\$ 583,080</u>	<u>\$ 85,668</u>
Liabilities		
Due to:		
City of Dearborn Heights	\$ 369,162	\$ -
State of Michigan	148,258	-
Wayne County	2,400	-
Bond deposits	-	85,668
Clearance card deposits	19,817	-
Other	43,443	-
Total liabilities	<u>\$ 583,080</u>	<u>\$ 85,668</u>

District Court Funds of District No. 20

Dearborn Heights, Michigan

Notes to Balance Sheet
June 30, 2007

Note 1 - Significant Accounting Policies

The funds of District Court No. 20 (the "District Court") are Trust and Agency Funds. The financial activities of the funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the funds are limited to cash transactions.

Note 2 - Cash in Bank

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The District Court has designated one bank for the deposit of the District Court's funds. The investment policy adopted by the District Court in accordance with Public Act 196 of 1997 has authorized investment in all of the above investments. The District Court's deposits and investment policies are in accordance with statutory authority.

The District Court's cash is subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District Court's deposits may not be returned to it. The District Court does not have a deposit policy for custodial credit risk. At year end, the Court had \$413,541 of bank deposits that were uninsured and uncollateralized. The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

District Court Funds of District No. 20

Dearborn Heights, Michigan

Notes to Balance Sheet
June 30, 2007

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Dearborn Heights, Michigan Corporate Fund and, accordingly, such costs are paid by the Corporate Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District Court has purchased commercial insurance for medical claims and participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims. The District Court is uninsured for workers' compensation claims within certain limits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the District Court.

Supplemental Information

District Court Funds of District No. 20

Dearborn Heights, Michigan

Supplemental Information

Schedule of Cash Receipts and Disbursements

Year Ended June 30, 2007

	Depository Accounts	Bond Account
Cash Balance - July 1, 2006	\$ 487,104	\$ 78,996
Receipts		
Fines and fees	6,119,270	-
Bonds posted	-	498,182
Judgments	14,490	12,799
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Total receipts	6,133,760	510,981
Disbursements		
Transfers:		
District control unit	4,031,288	-
State of Michigan (including judges' retirement payments)	1,877,503	-
Wayne County	33,141	-
Bond refunds	-	491,510
Refunds and other	8,312	-
Judgments	-	12,799
Clearance card fees	87,540	-
	<hr/>	<hr/>
Total disbursements	6,037,784	504,309
Cash Balance - June 30, 2007	<u>\$ 583,080</u>	<u>\$ 85,668</u>